

Agenda Date: December 23, 2009
Item Number: A4

Docket: UW-091751
Company Name: Camano Hills Water Company

Staff: Jim Ward, Regulatory Analyst
Dennis Shutler, Consumer Protection Staff

Recommendation

Issue a Complaint and Order Suspending the Tariff Revisions filed by Camano Hills Water Company on November 9, 2009.

Discussion

On November 9, 2009, Camano Hills Water Company (Camano Hills or company) filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate \$40,150 (41 percent) in additional revenue per year. The proposed rates are prompted by increased costs in all areas of business operations, such as fuel, insurance, electrical power, laboratory fees and chemicals used for water treatment. Recent upgrades and capital improvements contribute to the increased costs of providing water service. The company serves about 155 residential and upsize meter customers on Camano Island in Island County. The proposed effective date is January 1, 2010. The company's last general rate increase was January 1, 2007.

All but seven customers receive metered service. The seven non-metered customers are scheduled to be metered within two years. The proposed rate design removes two of the current five usage blocks. In addition, the company is adding upsize meters to its tariff with upsize usage blocks. Previously the company applied rates based on the number of Equivalent Residential Units (ERUs) that a customer purchased at the time of initial connection.

Customer Comments

On November 3, 2009, the company notified its customers of the proposed rate increase by mail. Four customer comments have been received to date. All customers oppose the proposed increase. Please note that customers often address several issues of concern within one comment. Therefore, subtotals may not equal the total number of comments submitted.

Consumer Protection staff has advised customers that they may access company documents pertinent to this rate case at www.utc.wa.gov, and www.utc.wa.gov/water and that they may contact Dennis Shutler at 1-888-333-9882 with questions or concerns.

Filing Documents and Methodology Comments

- Two customers believe the flat rate allowing unlimited usage should be removed, which requires all customers to pay for the water they use.

Staff Response

The company currently has seven unmetered customers. The company plans to install meters for those customers within two years. Meters result in customers paying for the water they use.

- One customer commented that when he originally purchased his property the covenants, conditions and restrictions (CC&Rs) contract stated he would not be charged more than \$30 per month for water.

Staff Response

The customer was advised that when a water company becomes regulated, because they grow in number of customers or revenue, the commission is statutorily obligated to set the rates.

General Comment

- Three customers believe the proposed rates are excessive.

Staff Response

Customers were advised that state law requires rates to be fair and reasonable, and sufficient to allow the company the opportunity to recover reasonable operating expenses and earn a reasonable return on investment.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate
Ready to Serve	\$16.50	\$35.00
Flat Rate Service	\$25.00	\$52.00
Base Rate (3/4 -inch meter)*	\$25.00	\$35.00
0 – 1,600 cubic feet	\$1.05	\$2.25
1,601 – 3,000 cubic feet	\$3.30	\$3.50
3,001 – 5,600 cubic feet	\$4.40	\$3.50
5,601 – 8,000 cubic feet	\$6.60	\$6.60
Over 8,000 cubic feet	\$11.00	\$6.60
Base Rate (1-inch meter)	\$25.00**	\$58.45
0 – 2,672 cubic feet	N/A	\$2.25
2,673 – 9,352 cubic feet	N/A	\$3.50
Over 9,352 cubic feet	N/A	\$6.60
Base Rate (2-inch meter)	\$25.00**	\$186.55
0 – 8,528 cubic feet	N/A	\$2.25
8,529 – 29,848 cubic feet	N/A	\$3.50
Over 29,848 cubic feet	N/A	\$6.60

* Other upsize meter rates are also changed and available in the proposed tariff.

**Per ERU

Average Monthly Bill Comparison

Average Monthly Usage 849 cubic feet	Current Rate	Proposed Rate
Base Charge – zero Allowance	\$25.00	\$35.00
849 cubic feet water usage	\$8.91	\$19.10
Average Monthly Bill	\$33.91	\$54.10
Increase From Current Rates		(59.5%)

The company has not justified the need for the rate increase. The company has not demonstrated the proposed rates are fair, just, reasonable and sufficient.

Conclusion

Issue a Complaint and Order Suspending the Tariff Revisions filed by Camano Hills Water Company on November 9, 2009.